

1 AN ACT in relation to alternate fuels

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Motor Fuel Tax Law is amended by changing  
5 Section 2 and adding Section 8b as follows:

6 (35 ILCS 505/2) (from Ch. 120, par. 418)

7 Sec. 2. A tax is imposed on the privilege of operating  
8 motor vehicles upon the public highways and recreational-type  
9 watercraft upon the waters of this State.

10 (a) Prior to August 1, 1989, the tax is imposed at the  
11 rate of 13 cents per gallon on all motor fuel used in motor  
12 vehicles operating on the public highways and recreational  
13 type watercraft operating upon the waters of this State.  
14 Beginning on August 1, 1989 and until January 1, 1990, the  
15 rate of the tax imposed in this paragraph shall be 16 cents  
16 per gallon. Beginning January 1, 1990, the rate of tax  
17 imposed in this paragraph shall be 19 cents per gallon.

18 (b) The tax on the privilege of operating motor vehicles  
19 which use diesel fuel shall be the rate according to  
20 paragraph (a) plus an additional 2 1/2 cents per gallon.  
21 "Diesel fuel" is defined as any petroleum product intended  
22 for use or offered for sale as a fuel for engines in which  
23 the fuel is injected into the combustion chamber and ignited  
24 by pressure without electric spark.

25 (c) A tax is imposed upon the privilege of engaging in  
26 the business of selling motor fuel as a retailer or reseller  
27 on all motor fuel used in motor vehicles operating on the  
28 public highways and recreational type watercraft operating  
29 upon the waters of this State: (1) at the rate of 3 cents per  
30 gallon on motor fuel owned or possessed by such retailer or  
31 reseller at 12:01 a.m. on August 1, 1989; and (2) at the rate

1 of 3 cents per gallon on motor fuel owned or possessed by  
2 such retailer or reseller at 12:01 A.M. on January 1, 1990.

3 Retailers and resellers who are subject to this  
4 additional tax shall be required to inventory such motor fuel  
5 and pay this additional tax in a manner prescribed by the  
6 Department of Revenue.

7 The tax imposed in this paragraph (c) shall be in  
8 addition to all other taxes imposed by the State of Illinois  
9 or any unit of local government in this State.

10 (d) Except as provided in Section 2a, the collection of  
11 a tax based on gallonage of gasoline used for the propulsion  
12 of any aircraft is prohibited on and after October 1, 1979.

13 (e) The collection of a tax, based on gallonage of all  
14 products commonly or commercially known or sold as 1-K  
15 kerosene, regardless of its classification or uses, is  
16 prohibited (i) on and after July 1, 1992 until December 31,  
17 1999, except when the 1-K kerosene is either: (1) delivered  
18 into bulk storage facilities of a bulk user, or (2) delivered  
19 directly into the fuel supply tanks of motor vehicles and  
20 (ii) on and after January 1, 2000. Beginning on January 1,  
21 2000, the collection of a tax, based on gallonage of all  
22 products commonly or commercially known or sold as 1-K  
23 kerosene, regardless of its classification or uses, is  
24 prohibited except when the 1-K kerosene is delivered directly  
25 into a storage tank that is located at a facility that has  
26 withdrawal facilities that are readily accessible to and are  
27 capable of dispensing 1-K kerosene into the fuel supply tanks  
28 of motor vehicles.

29 Any person who sells or uses 1-K kerosene for use in  
30 motor vehicles upon which the tax imposed by this Law has not  
31 been paid shall be liable for any tax due on the sales or use  
32 of 1-K kerosene.

33 (f) Beginning on July 1, 2001, no tax shall be imposed  
34 under this Act on alternate fuel, as defined in Section 10 of

1 the Alternate Fuels Act, used in motor vehicles operating on  
 2 the public highways and recreational type watercraft  
 3 operating on the waters of this State. The exemption from  
 4 taxation created by this subsection (f) shall remain in  
 5 effect through June 30, 2006 or until the amount of tax  
 6 revenue that would have been paid into the Motor Fuel Tax  
 7 Fund, but for the provisions of this subsection (f), equals  
 8 \$9,500,000, whichever occurs first.

9 (Source: P.A. 91-173, eff. 1-1-00.)

10 (35 ILCS 505/8b new)

11 Sec. 8b. Transfer of funds. On July 1 of 2001, 2002,  
 12 2003, 2004, and 2005, the amount of \$1,900,000 shall be  
 13 transferred from the General Revenue Fund into the Motor Fuel  
 14 Tax Fund. The Motor Fuel Tax Fund shall reimburse the General  
 15 Revenue Fund for the transfers made under this Section. The  
 16 reimbursement shall occur in fiscal year 2007.

17 Section 10. The Alternate Fuels Act is amended by  
 18 changing Sections 25, 30, 35, 40, and 45 and adding Sections  
 19 21, 31, and 32 as follows:

20 (415 ILCS 120/21 new)

21 Sec. 21. Alternate Fuel Infrastructure Advisory Board.  
 22 The Governor shall appoint an Alternate Fuel Infrastructure  
 23 Advisory Board. The Advisory Board shall be chaired by the  
 24 Director. Other members appointed by the Governor shall  
 25 consist of one representative from the ethanol industry, one  
 26 representative from the natural gas industry, one  
 27 representative from the auto manufacturing industry, one  
 28 representative from the liquid petroleum gas industry, one  
 29 representative from the Department of Commerce and Community  
 30 Affairs, one representative from the heavy duty engine  
 31 manufacturing industry, one representative from Illinois

1 private fleet operators, and one representative of local  
2 government from the Chicago nonattainment area.

3 The Advisory Board shall (1) prepare and recommend to the  
4 Agency rules implementing Section 31 of this Act; (2)  
5 determine criteria and procedures to be followed in awarding  
6 grants and review applications for grants under the Alternate  
7 Fuel Infrastructure Program; and (3) make recommendations to  
8 the Agency as to the award of grants under the Alternate Fuel  
9 Infrastructure Program.

10 Members of the Advisory Board shall not be reimbursed  
11 their costs and expenses of participation. All decisions of  
12 the Advisory Board shall be decided on a one vote per member  
13 basis with a majority of the Advisory Board membership to  
14 rule.

15 (415 ILCS 120/25)

16 Sec. 25. Ethanol fuel research program. The Department  
17 of Commerce and Community Affairs shall administer a research  
18 program to reduce the costs of producing ethanol fuels and  
19 increase the viability of ethanol fuels, new ethanol engine  
20 technologies, and ethanol refueling infrastructure. This  
21 research shall be funded from the Alternate Fuels Fund. The  
22 research program shall remain in effect until December 31,  
23 2003 ~~2002~~, or until funds are no longer available.

24 (Source: P.A. 90-726, eff. 8-7-98; 90-797, eff. 12-15-98;  
25 91-357, eff. 7-29-99.)

26 (415 ILCS 120/30)

27 Sec. 30. Rebate program. Beginning January 1, 1997,  
28 each owner of an alternate fuel vehicle shall be eligible to  
29 apply for a rebate. The Agency shall cause rebates to be  
30 issued under the provisions of this Act. The Alternate Fuels  
31 Advisory Board shall develop and recommend to the Agency  
32 rules that provide incentives or other measures to ensure

1 that small fleet operators and owners participate in, and  
2 benefit from, the rebate program. Such rules shall define  
3 and identify small fleet operators and owners in the covered  
4 area and make provisions for the establishment of criteria to  
5 ensure that funds from the Alternate Fuels Fund specified in  
6 this Act are made readily available to these entities. The  
7 Advisory Board shall, in the development of its rebate  
8 application review criteria, make provisions for preference  
9 to be given to applications proposing a partnership between  
10 the fleet operator or owner and a fueling service station to  
11 make alternate fuels available to the public. An owner may  
12 apply for only one of 3 types of rebates with regard to an  
13 individual alternate fuel vehicle: (i) a conversion cost  
14 rebate, (ii) an OEM differential cost rebate, or (iii) a  
15 fuel cost differential rebate. Only one rebate may be issued  
16 with regard to a particular alternate fuel vehicle during the  
17 life of that vehicle. A rebate shall not exceed \$4,000 per  
18 vehicle. Over the life of this rebate program, an owner of  
19 an alternate fuel vehicle may not receive rebates for more  
20 than 150 vehicles per location or for 300 vehicles in total.

21 (a) A conversion cost rebate may be issued to an owner  
22 or his or her designee in order to reduce the cost of  
23 converting of a conventional vehicle to an alternate fuel  
24 vehicle. Conversion of a conventional vehicle to alternate  
25 fuel capability must take place in Illinois for the owner to  
26 be eligible for the conversion cost rebate. Amounts spent by  
27 applicants within a calendar year may be claimed on a rebate  
28 application submitted during that calendar year. Approved  
29 conversion cost rebates applied for during calendar years  
30 1997, 1998, 1999, 2000, 2001, and 2002, 2003, and 2004 shall  
31 be 80% of all approved conversion costs claimed and  
32 documented. Approval of conversion cost rebates may continue  
33 after calendar year 2004, if funds are still available. An  
34 applicant may include on an application submitted in 1997 all

1 amounts spent within that calendar year on the conversion,  
2 even if the expenditure occurred before promulgation of the  
3 Agency rules.

4 (b) An OEM differential cost rebate may be issued to an  
5 owner or his or her designee in order to reduce the cost  
6 differential between a conventional vehicle or engine and the  
7 same vehicle or engine, produced by an original equipment  
8 manufacturer, that has the capability to use alternate fuels.

9 A new OEM vehicle or engine must be purchased in Illinois  
10 and must either be an alternate fuel vehicle or used in an  
11 alternate fuel vehicle, respectively, for the owner to be  
12 eligible for an OEM differential cost rebate. Amounts spent  
13 by applicants within a calendar year may be claimed on a  
14 rebate application submitted during that calendar year.

15 Approved OEM differential cost rebates applied for during  
16 calendar years 1997, 1998, 1999, 2000, 2001, and 2002, 2003,  
17 and 2004 shall be 80% of all approved cost differential  
18 claimed and documented. Approval of OEM differential cost  
19 rebates may continue after calendar year 2004, if funds are  
20 still available. An applicant may include on an application  
21 submitted in 1997 all amounts spent within that calendar  
22 year on OEM equipment, even if the expenditure occurred  
23 before promulgation of the Agency rules.

24 (c) A fuel cost differential rebate may be issued to an  
25 owner or his or her designee in order to reduce the cost  
26 differential between conventional fuels and domestic  
27 renewable fuels purchased to operate an alternate fuel  
28 vehicle that runs on domestic renewable fuel. The fuel cost  
29 differential shall be based on a 3-year life cycle cost  
30 analysis developed by the Agency by rulemaking. The rebate  
31 shall apply to and be payable during a consecutive 3-year  
32 period commencing on the date the application is approved by  
33 the Agency. Approved fuel cost differential rebates may be  
34 applied for during calendar years 1997, 1998, 1999, 2000, and

1 2001, and 2002 and approved rebates shall be 80% of the cost  
2 differential for a consecutive 3-year period. Approval of  
3 fuel cost differential rebates may continue after calendar  
4 year 2002 if funds are still available. Twenty-five percent  
5 of the amount appropriated under Section 40 to be used to  
6 fund the programs authorized by this Section during calendar  
7 year 1998 shall be designated to fund fuel cost differential  
8 rebates. If the total dollar amount of approved fuel cost  
9 differential rebate applications as of October 1, 1998 is  
10 less than the amount designated for that calendar year, the  
11 balance of designated funds shall be immediately available to  
12 fund any rebate authorized by this Section and approved in  
13 the calendar year. An applicant may include on an  
14 application submitted in 1997 all amounts spent within that  
15 calendar year on fuel cost differential, even if the  
16 expenditure occurred before the promulgation of the Agency  
17 rules.

18 Twenty-five percent of the amount appropriated under  
19 Section 40 to be used to fund the programs authorized by this  
20 Section during calendar year 1999 shall be designated to fund  
21 fuel cost differential rebates. If the total dollar amount  
22 of approved fuel cost differential rebate applications as of  
23 July 1, 1999 is less than the amount designated for that  
24 calendar year, the balance of designated funds shall be  
25 immediately available to fund any rebate authorized by this  
26 Section and approved in the calendar year.

27 Twenty-five percent of the amount appropriated under  
28 Section 40 to be used to fund programs authorized by this  
29 Section during calendar year 2000 shall be designated to fund  
30 fuel cost differential rebates. If the total dollar amount  
31 of approved fuel cost differential rebate applications as of  
32 July 1, 2000 is less than the amount designated for that  
33 calendar year, the balance of designated funds shall be  
34 immediately available to fund any rebate authorized by this

1 Section and approved in the calendar year.

2 Twenty-five percent of the amount that is appropriated  
3 under Section 40 to be used to fund programs authorized by  
4 this Section during calendar year 2001 shall be designated to  
5 fund fuel cost differential rebates. If the total dollar  
6 amount of approved fuel cost differential rebate applications  
7 as of July 1, 2001 is less than the amount designated for  
8 that calendar year, the balance of designated funds shall be  
9 immediately available to fund any rebate authorized by this  
10 Section and approved in the calendar year.

11 Twenty-five percent of the amount that is appropriated  
12 under Section 40 to be used to fund programs authorized by  
13 this Section during calendar year 2002 shall be designated to  
14 fund fuel cost differential rebates. If the total dollar  
15 amount of approved fuel cost differential rebate applications  
16 as of July 1, 2002 is less than the amount designated for  
17 that calendar year, the balance of designated funds shall be  
18 immediately available to fund any rebate authorized by this  
19 Section and approved in the calendar year.

20 An approved fuel cost differential rebate shall be paid  
21 to an owner in 3 annual installments on or about the  
22 anniversary date of the approval of the application. Owners  
23 receiving a fuel cost differential rebate shall be required  
24 to demonstrate, through recordkeeping, the use of domestic  
25 renewable fuels during the 3-year period commencing on the  
26 date the application is approved by the Agency. If the  
27 alternate fuel vehicle ceases to be registered to the  
28 original applicant owner, a prorated installment shall be  
29 paid to that owner or the owner's designee and the remainder  
30 of the rebate shall be canceled.

31 (d) Vehicles owned by the federal government or vehicles  
32 registered in a state outside Illinois are not eligible for  
33 rebates.

34 (Source: P.A. 89-410; 90-726, eff. 8-7-98.)

1 (415 ILCS 120/31 new)

2 Sec. 31. Alternate Fuel Infrastructure Program. The  
3 Environmental Protection Agency shall establish a grant  
4 program to provide funding for the building of E85 blend,  
5 propane, and compressed natural gas (CNG) fueling facilities,  
6 including private on-site fueling facilities, to be built  
7 within the covered area or in Illinois metropolitan areas  
8 over 100,000 in population. The Agency shall be responsible  
9 for reviewing the proposals and awarding the grants. Under  
10 the grant program, applicants may apply for up to 80% of the  
11 total cost of the project. At least 20% of the total cost  
12 of the project must be provided by the applicant in cash or  
13 material. Subject to appropriation, the total amount of  
14 grants under the program shall not exceed \$6,000,000. For the  
15 period beginning July 1, 2001 and ending June 30, 2004, the  
16 available grant money shall be allocated as follows:  
17 \$2,000,000 for building ethanol fueling stations, \$2,000,000  
18 for building propane fueling stations, and \$2,000,000 for  
19 building CNG fueling stations. Any available grant money  
20 remaining on July 1, 2004 may be used, until July 1, 2005, to  
21 make grants for any of the 3 types of fueling stations.

22 (415 ILCS 120/32 new)

23 Sec. 32. Clean Fuel Education Program. The  
24 Environmental Protection Agency, in cooperation with the  
25 Department of Commerce and Community Affairs and Chicago Area  
26 Clean Cities, shall administer the Clean Fuel Education  
27 Program, the purpose of which is to educate fleet  
28 administrators and Illinois' citizens about the benefits of  
29 using alternate fuels. The program shall include a media  
30 campaign. Subject to appropriation, \$100,000 shall be  
31 allocated to the Environmental Protection Agency in each of  
32 fiscal years 2002 through 2006 to fund the program. The  
33 Agency may use up to \$20,000 annually for administrative

1 costs of the program.

2 (415 ILCS 120/35)

3 Sec. 35. User fees; transfer of funds.

4 (a) During fiscal years 1999, 2000, and 2001, ~~and-2002~~  
5 the Office of the Secretary of State shall collect annual  
6 user fees from any individual, partnership, association,  
7 corporation, or agency of the United States government that  
8 registers any combination of 10 or more of the following  
9 types of motor vehicles in the Covered Area: (1) Vehicles  
10 of the First Division, as defined in the Illinois Vehicle  
11 Code; (2) Vehicles of the Second Division registered under  
12 the B, D, F, H, MD, MF, MG, MH and MJ plate categories, as  
13 defined in the Illinois Vehicle Code; and (3) Commuter vans  
14 and livery vehicles as defined in the Illinois Vehicle Code.  
15 This Section does not apply to vehicles registered under the  
16 International Registration Plan under Section 3-402.1 of the  
17 Illinois Vehicle Code. The user fee shall be \$20 for each  
18 vehicle registered in the Covered Area for each fiscal year.  
19 The Office of the Secretary of State shall collect the \$20  
20 when a vehicle's registration fee is paid.

21 (b) Owners of State, county, and local government  
22 vehicles, rental vehicles, antique vehicles, electric  
23 vehicles, and motorcycles are exempt from paying the user  
24 fees on such vehicles.

25 (c) The Office of the Secretary of State shall deposit  
26 the user fees collected into the Alternate Fuels Fund.

27 (d) On July 1 of 2001 and 2002, the amount of \$6,100,000  
28 shall be transferred from the General Revenue Fund into the  
29 Alternate Fuels Fund. On July 1, 2003, the amount of  
30 \$3,100,000 shall be transferred from the General Revenue Fund  
31 into the Alternate Fuels Fund. On July 1 of 2004 and 2005,  
32 the amount of \$100,000 shall be transferred from the General  
33 Revenue Fund into the Alternate Fuels Fund.

1 (Source: P.A. 89-410; 90-726, eff. 8-7-98.)

2 (415 ILCS 120/40)

3 Sec. 40. Appropriations from the Alternate Fuels Fund.  
4 The Agency shall estimate the amount of user fees expected to  
5 be collected for fiscal years 1999, 2000, and 2001~~and 2002~~.  
6 Moneys shall be deposited into and distributed from the  
7 Alternate Fuels Fund in the following manner:

8 (1) In each of fiscal years 1999, 2000, 2001, and 2002,  
9 2003, and 2004 an amount not to exceed \$200,000 may be  
10 appropriated to the Agency from the Alternate Fuels Fund to  
11 pay its costs of administering the programs authorized by  
12 this Act. Additional appropriations to the Agency from the  
13 Alternate Fuels Fund to pay its costs of administering the  
14 programs authorized by this Act may be made in fiscal years  
15 following 2004, not to exceed the amount of \$200,000 in any  
16 fiscal year, if funds are still available and program costs  
17 are still being incurred. Up to \$200,000 may be appropriated  
18 to the Office of the Secretary of State in each of fiscal  
19 years 1999, 2000, and 2001~~and 2002~~ from the Alternate Fuels  
20 Fund to pay the Secretary of State's costs of administering  
21 the programs authorized under this Act.

22 (2) In fiscal year 1999, after appropriation of the  
23 amounts authorized by paragraph (1), the remaining moneys  
24 estimated to be collected during fiscal year 1999 shall be  
25 appropriated as follows: 80% of each such remaining moneys  
26 shall be appropriated to fund the programs authorized in  
27 Section 30 and 20% shall be appropriated to fund the programs  
28 authorized in Section 25.

29 (2.5) Beginning in fiscal year 2002, moneys from the  
30 Fund may be used, subject to appropriation, for the purposes  
31 of implementing Sections 31 and 32 of this Act, including  
32 necessary administrative costs.

33 (3) In fiscal years 2000, 2001, and 2002, 2003, and 2004

1 after appropriation of the amounts authorized by paragraphs  
2 paragraph (1) and (2.5), the remaining estimated amount of  
3 moneys remaining in the Fund ~~user--fees--expected--to-be~~  
4 ~~collected~~ shall be appropriated as follows: 80% of such  
5 estimated moneys shall be appropriated to fund the programs  
6 authorized in Section 30 and 20% shall be appropriated to  
7 fund the programs authorized in Section 25.

8 (4) Moneys appropriated to fund the programs authorized  
9 in Sections 25 and 30 shall be expended only after they have  
10 been ~~collected~~ and deposited into the Alternate Fuels Fund.

11 (Source: P.A. 89-410; 90-726, eff. 8-7-98.)

12 (415 ILCS 120/45)

13 Sec. 45. Alternate Fuels Fund; creation; deposit of user  
14 fees. A separate fund in the State Treasury called the  
15 Alternate Fuels Fund is created, into which shall be  
16 transferred the user fees as provided in Section 35 and any  
17 other revenues, deposits, appropriations, or transfers as  
18 provided by law.

19 (Source: P.A. 89-410.)

20 Section 99. Effective date. This Act takes effect upon  
21 becoming law.